

Potential Ballot Items for 2015



STUDY SESSION
JULY 14, 2015

Background



- Final study session step in the annual comprehensive ballot and fiscal process
 - Requesting guidance as to what to move forward
- Covers items discussed at the April 14 study session and the Council Charter Committee June 10

1. Utility Occupation Tax



- Sunsets the earlier of December 31, 2017 (if no electric utility is formed), or when the city commences delivery of electric utility services
- Two components: Total of \$6.3 million
 - a. \$4.3 replaced the Franchise Tax general fund services
 - b. \$2.0 for Municipalization Study
- Proposed at this time so that reductions in services can be made in an orderly manner, if it is not passed
- Five year extension recommended for the General Fund portion (\$4.3M) only
- **Does Council want this item to move ahead to first reading at the July 28 Council meeting?**

2. Climate Action Plan Tax



- Sunsets in March 2018
- Funds programs to reduce greenhouse gas emissions.
- Approximately \$1.8 million annually
- **Does Council want this item to move ahead to first reading at the July 28 Council meeting?**

3. Short Term Rentals



- Increasing number of STRs
 - Compliance issue – regulatory – second reading August
 - More difficult to administer than the lodging tax
- Discussed at Feb. 10th and June 14 study sessions
 - A new, short-term rental tax set at and tied to the lodging tax rate to maintain equity in the type of service being provided
 - Staff recommends no sharing of revenue until sufficient data is accumulated to determine exact costs of administration and compliance
- **Does Council want this item to move ahead to first reading at the August 4 Council meeting?**

4. Charter Amendment – Council Compensation and Benefits



- Three options passed first reading on June 16
- Discussed adding payment of health insurance equal to the percentage the city employees pay. This will be included in all versions
- To avoid putting hard numbers or percentages in the charter, payments for benefits such as health insurance will not be considered to be compensation
- **Does Council wish to have second reading on July 28?**
 - Third reading will be needed

5. Charter Amendment – Library



- Request from the Library Commission
 - Discussed at April 14 Study Session
 - Indication of support in bringing it forward to place on the ballot
- From the discussion, small verbiage clarifications would be considered at first reading
- **Does Council want this item to move forward to first reading at the July 28 Council meeting?**

6. Charter Amendment for – Executive Sessions for Real Estate Transactions



- Requested it be discussed at the July 14 study session
- **Does Council want this item to be brought forward as a Charter Amendment at the July 28 Council meeting?**
- **If yes,**
 - Are there parameters Council would like to have included?

7. Charter Change – Sub community Planning Process Addition to Charter



- Outline of the proposal from Councilmember Weaver – Attachment 2 of the study session memo
- **Does Council want this item to be brought forward as a Charter Amendment at the August 4 Council meeting?**
- **If yes,**
 - Are there additions or deletions Council would like to make?

Summary of Proposed Dates of Readings



Ballot Item	Proposed Date
• Utility Occupation Tax Renewal	July 28
• Climate Action Plan Renewal	July 28
• Charter Change - Council Comp & Benefits	July 28
• Charter Change - Library Commission	July 28
• Charter Change - Ex. Sessions Real Estate	July 28
• Short Term Rental Tax	Aug. 4
• Charter Change - Subcommunity Planning	Aug. 4
• Occupation Privilege Tax	Aug. 4



End of First Part of the Study Session

Occupation Privilege Tax (OPT or Head Tax)



- Discussed at the April 14 study session
- IP included in the June 16 Council Packet
- This tax derives its name from the base of the tax.
 - Income tax is reserved for the state
 - OPT is not an income tax
 - Tax on the number of employees working for an organization
 - ✦ Includes those directly employed and by contract

Background



- Currently, five cities in Colorado have OPT
- Revenue amount depends on who is taxed and how much per employee per month
 - Employee only (x dollars per employee)
 - Employer only or match (x dollars per employee)
 - Both (x dollars per employee and employer match)
 - Exemptions:
 - ✦ Below a certain income per month
 - ✦ Governmental and non-profit employers (501 c 3)

Revenue Amount



- Per dollar of tax - \$850,000
- Based on: Number of jobs times rate per month – employers and employee pay less exemptions
- Number of jobs used is from DOLA, CU and work being done on the Comp Plan update
 - Number used nearly 94,000 at 82 percent
 - ✦ Conservative
 - ✦ Accounts for those excluded due to exemptions
 - ✦ Based on numbers paid in cities that have data available

Questions for Council



Does Council wish to move an OPT on to first reading at the August 4 Council meeting? If yes,

1. Which tax model would Council like to move forward?
 - a. Should employees and employers be subject to the proposed tax?
 - b. Should governmental employers be exempt from the tax unless they choose to voluntarily comply?
 - c. Should non-profit employers qualifying as 501 (C) (3) organizations under the Internal Revenue Service tax code (same as are exempt under the City of Boulder Sales and Use Tax Code) be exempt unless they voluntarily choose to comply?
 - d. Should there be an income limit below which no tax is collected?
2. What should the proposed amount be per employee?
3. Should the revenue received be used for general revenues of the city, or be dedicated for a specific purpose.

